

# ***REFGOV***

***Reflexive Governance in the Public Interest***

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**Reflexive Governance — a Way Forward  
in Coordinated Natural Resource Policy?**

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## **Reflexive governance – a way forward in coordinated natural resource policy?**

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### **1 Introduction**

Environmental and natural resource policy is about the integration of environmental concerns with other policy objectives, such as economic and social objectives, as well as about the integration (or ‘mainstreaming’) of environmental objectives into other policy areas, such as agriculture, forest and energy. These tasks of horizontal policy coordination have been on the European Union agenda already since the 1970s (Lafferty and Hovden 2003) and are now widely recognised as a key requirement for sustainable development (e.g. Art. 6 EC Treaty). Despite the creation of a vast corpus of EU environmental rules (e.g. Jordan 2002), there is ample evidence, however, that the implementation of environmental policy integration in the EU has not yet met these ambitions.

In the EU, environmental policy integration has to take place vertically in a multi-level setting as well as horizontally across multiple policy arenas. The vertical and horizontal interdependencies have traditionally been governed by using the so called ‘Community Method’ of coordinating by legislating (Majone 1996). Because of, *inter alia*, persistent implementation problems, the Union was recently forced to re-evaluate their approach of societal steering. In the White Paper on Governance (CEC 2001), the Commission makes clear that the EU can no longer rely solely on hierarchical means and the adoption of more and more environmental legislation. New modes of governance are needed that are guided by the principles of voluntarism, subsidiarity, and inclusion of concerned actors. The governance mechanisms are diffusion and learning, as well as repetition through iterative processes of monitoring and target readjustment. Subsequently, non-legislative modes of governance have gained in salience in EU policy-making (e.g. in environmental policy, Lenschow 2002).

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## **New governance modes**

The new governance modes can be broadly defined to include different forms of self-regulation, soft law, and open methods of coordination (Héritier 2002; Caporaso and Wittenbrinck 2006). The new modes diverge from traditional forms of binding legislation although they do not entirely replace but instead complement the Community Method (Eberlein and Kerwer 2004). The rationale of new governance is to avoid lengthy legislative decision-making processes although the threat of legislation is used to increase the willingness of actors to cooperate voluntarily. Avoidance of regulatory requirements is however thought to be met with less political resistance from the decision-makers as well as from the implementing actors. In substantive terms, new governance modes are valued for the greater flexibility of policy measures and the greater adaptability of these measures to changing political environments (Héritier 2002).

The new governance approach has raised some hopes for the reflexive benefits promised by its collective learning mechanism but, for the most part, it has attracted scepticism with respect to the capacity of the new mechanisms to coordinate collective action through non-hierarchical forms of governance (Schout and Jordan 2005: 205-6; Eberlein and Kerwer 2004: 124). Crucially, the inherent weakness of the new approach which derives from its non-binding nature was criticised. In order to be efficient, it is said, the new governance modes require support from the concomitant use of hierarchical forms of governance. As Héritier (2002: 202) puts it, “[the new modes of governance] are frequently hybrids: the instrumental capacity of the new modes is often backed up by ‘hierarchy’”. She goes on to explain that “the new modes of governance would have to rely on an entire ‘infrastructure’ aimed at establishing the following conditions: the right incentives for those bearing the costs of regulation; the right participatory structure for shaping the instruments so that all those affected have a voice in shaping them; the guarantee of legal certainty; and the possibility to hold actors accountable for the consequences of particular actions” (ibid.: 203). As a result, Héritier concludes, the new governance approach is more demanding than is generally assumed.

Against such conceptual scepticism, this contribution aims to empirically assess the coordinating potential of the new modes of governance in the EU. More specifically, it analyses ‘reflexive governance’ as a new mode that addresses the issue of coordination. Broadly speaking, reflexive governance denotes a move away from hierarchical forms of coordination in favour of flexible mechanisms incorporating a learning process. Like this, cognitive processes and learning complement political-administrative hierarchy as mechanism for coordination. The crucial question however is how deliberative and learning processes among the actors can be set off.

What is needed to get actors working together at multiple levels and across different arenas? What regulatory or governance environment is required to coordinate collective action? And, recurring to the concerns raised by H eritier and others, to which extent are elements of authoritative policy-making needed to make these governance arrangements work?

This chapter analyses reflexive governance as a new mode to capture the horizontal and vertical complexity of the coordination challenge. The focus is on coordination mechanisms that trigger learning processes. In particular, it strives to explore the nexus between elements of hierarchical rule-making in otherwise rather flexible governance settings, on the one hand, and policy learning at the national level, on the other.

### **Coordination of natural resource policy in EU accession countries**

The empirical case is natural resource policy in the EU accession countries in Southeastern Europe. The strengthening of sustainability governance is one of the key challenges in the transition process of these post-socialist states. Since the early 1990s, the countries in the region have rapidly adopted new natural resource policies and legislation. The reforms were set off in the wake of new regulations in the area of land tenure, mainly the recognition of private property rights, and other legal reforms aimed at privatising various aspects of the economy. Sustainable development of natural resources is generally an express objective of the new policies.

Membership in the European Union is connected with the obligation to implement the EU regulatory regime, and this is a powerful incentive for these countries to accept the environmental conditionality of the Union. However, not all policies on environmental and natural resources are formalised policy areas of the EU. This is the case with forest policy which remains a Member States competence. The European Community can only contribute to forest policy on the basis of other already existing common competencies. Nevertheless, a large number of EU regulations affect the forest sector, most significantly the provisions of the Common Agricultural Policy, as well as the environmental and rural development policies (P ulzl 2005). Further policy initiatives of the Community include the Resolution on an EU Forestry Strategy, adopted in 1998, which emphasises the multi-functional role of forests and the importance of sustainable forest management. The Strategy resulted in an EU Forest Action Plan in 2006 that provides a framework for strengthening coordination of forest-related matters between the EU and its Member States (Hogl 2007). In addition, a forest regime has evolved on the international level since the 1990s. Both the United Nations' international arrangements on

forests and the Ministerial Conference on the Protection of Forests in Europe (MCPFE) – an initiative of the European countries at ministerial level which includes forty-six European countries and the European Community – were directed at the promotion of sustainable forest management (Tikkanen 2007). All these developments have influenced and shaped national forest policies. With regard to the countries of Southeastern Europe, the resulting question is threefold: What impact does the European and international policies have on the forest policy reforms in these transition countries? Under which conditions can we discern signs of policy learning, and/or an improved coordination of policies? And which lessons can be learnt in general for European coordination with new and potential member countries?

This contribution deals with forest policy reforms in Southeastern Europe in the context of European multi-level politics. It investigates the recent developments in the forest sectors in two countries of the region, namely Slovenia and Croatia. These two were chosen as examples of EU acceding countries. Whereas Slovenia's accession to the Union was in 2004, Croatia is in the status of an accession partnership and is likely to join the Union in 2012. With forest policy, we are studying a field in which no prescriptive EU regulations for direct implementation exist and the influence of the EU level is rather loose. Yet both countries have had or still have an incentive to sustainably reform their domestic forest policies: they want to become EU member states, which is not only a legal process but also a question of identity building. We are thus interested in a form of reflexive governance of natural resources in a multi-level context. Comparative analysis of the two country cases allows us to gain insights into the mechanisms that trigger political reform and policy learning in the countries and into the nexus of vertical and horizontal coordination of policies.

The article proceeds as follows: In Section 2 the theoretical framework of the study, the reflexive governance approach is presented. Section 3 outlines the current developments in forest policy and management in Slovenia and Croatia with particular emphasis on National Forest Programmes as coordination devices. The final section addresses the question of sustainability governance in forestry in the EU context. It draws some conclusions for new governance modes with regard to effectiveness of coordination in natural resources policy.

## **2 Reflexive governance and coordination**

“Any coordination of policies has to deal with a paradox. It has to recognise and preserve the differences in [..national] regimes and regulatory styles [...], while at the same time paying attention to the unifying aspects on which coordination efforts

can be based“ (Rogowski 2008: 84). The new governance approach in the EU uses soft law mechanisms to vertically coordinate European policy-making across levels and to link the EU-level to the national and local levels. It has been adopted in the EU as a general model to be used in a number of policy areas, including environmental protection and natural resource policy. An excellent example of the new approach, which has so far been applied mainly in social policy, is the ‘open method of coordination’ (OMC). It seeks to initiate a process of mutual learning based on the diversity of national experiences with reform experiments. OMC policy-making is not restricted to governments, but involves social partners, interest groups and actors at national and local levels as well in order to encourage horizontal coordination of policies. Authoritative decision-making is avoided. Instead policy coordination and improvement are fostered through institutionalised learning processes and exchange of best practices among member states (Eberlein and Kerwer 2004).

The new modes of governance, with OMC as one prominent example, can be considered as ‘reflexive governance’. In reflexive governance, cognitive procedures are designed to create feedback on multiple regulatory frameworks in order to enhance the actors’ knowledge base to allow for more informed policies and also to influence the actors’ beliefs and norms. Reflexivity is “the capacity to turn back or bend back on oneself” (Hendriks and Grin 2007: 142). When reflexivity is applied to societal phenomena, it refers to procedures to organise recursive feedback relations between distributed concepts, strategies and actors (Lenoble 2005; Voß and Kemp 2006; Hendriks and Grin 2007; Feindt 2010). Reflexive governance suggests to take diversity of practice among the member states as chance, and eventually as starting point for enhancing policies through mutual learning and coordination. From this perspective, there is a need to elaborate instruments and procedures that allow a productive use of diversity. Coordination methods such as benchmarking and mutual monitoring can produce knowledge and information that provides a basis for experimentation and learning. Such approaches go hand in hand with another recent development in EU policy-making: the turn towards ‘experimentalist governance’ (Dorf and Sabel 1998; Sabel and Zeitlin 2007). In EU environmental policy as well as in other policy fields, existing mechanisms of top-down regulation have increasingly been complemented by new structures relying on framework goals, locally devised measures, and recursive procedures to encourage policy learning from experience. The shift “from rules to frameworks for creating rules” (Sabel and Zeitlin 2007: 40) is at the core of experimentalist governance. Crucially, the approach requires the exchange of different learning experiences to identify governance procedures and arrangements best suited to achieving a regulatory goal.

What is most interesting in our context is the coordination mechanisms that trigger policy experimentation and learning. Which governance arrangements are needed in an EU multi-level setting that promote policy learning towards environmental policy integration at the national and subnational levels? In other words: what forms of vertical coordination across multiple levels could promote greater horizontal coordination at the national level? This nexus can be coined as “coordination of coordination” (Rogowski 2006). In particular, how much ‘hierarchy’ is necessary to back political processes of policy coordination and collective action?

In the accession process of new Member States to the EU, the governance mechanisms that set off environmental policy reform seem to be obvious: environmental conditionality is a cornerstone of the so-called *acquis communautaire* and as such a major driver of change in the acceding countries in Eastern and Southeastern Europe. However, the impact of the conditionality on the newcomer countries has been subject to debate (Schimmelpfennig and Sedelmeier 2005; Hughes, Sasse et al. 2004). It is often not easy to determine the actual causal impact of EU conditionality on domestic policies, which might vary from one policy issue to another, and from one country to another. Also, the term conditionality is often used rather loosely in accounts of the Unions’ influence on accession countries. This is especially true in policy fields, such as forest policy, in which an EU Common policy does not exist. Nonetheless the European initiatives on forest management, the EU environmental, agriculture and rural development policies do have an impact on the policy-making in the transition countries. It seems more appropriate then to speak of coordination of different political levels. From a governance perspective, it is interesting to study the impact on national policy arrangements and, like this, also to account for differences in the domestic policy outcomes.

Policy development in the member and acceding states cannot simply be seen as adoption and implementation of EU rules, but as an interactive process in which the countries have considerable leeway for interpretation, selection and design of policies. In the same vein, the transition of the Southeastern European countries towards sustainability is not a process of merely adopting already existing rules and programmes, provided by the European Union or other international bodies. The European and international injunctions are seen as ‘reflexive incentives’ upon which the newcomer countries react. The countries themselves have to develop and experiment with new policies and institutions that may bring about novel practices in environmental and natural resources management. As for the issue of coordination in a multi-level system the decisive question is what impact specific injunctions from the European and international level have and which factors account for the outcomes at the national level. In a strategic perspective, the question



would be: What can we learn from these cases for successful coordination between EU and national politics, in the sense that it is able to deliver sustainable natural resource policies?

### **3 Forest policy reforms in Southeastern Europe**

After the end of the socialist regimes the countries of Southeastern Europe face the challenge to adapt to the changes that occur from the political and economic transition. This includes two interlinked, but often controversial processes: the transition towards market-based and competitive economies, and the need to reform national policies to respond to the EU and international commitments. Both processes have an impact on the forest sector as well, which is an important resource for economic development, employment and income. The major reform issue in the post-socialist states has been the ‘privatisation’ of the forest sector. This has typically included a number of strategies, which have been pursued to different extents in the countries of the region: restitution of forest land to former owners and establishment of a regime for private forest management; harvesting of trees carried out by private entities; transformation of State enterprises carrying out forestry works; and liberalisation of forest product markets (Mekouar and Castelein 2002: 8-14; Herbst 2002: 108-110). Yet the transfer of ownership and management tasks to private hands alone has not led to an effective revitalisation of the economy. All of the above strategies require an adequate legal regime and institutions to safeguard sustainable management and public interest in forests. Concurrently, forests contribute to environmental stability and biodiversity, and to various social, cultural and recreational functions. The transition towards sustainable forest management that takes into account the various functions of the forest adds a normative orientation to societal change. Hence the intricate task is to transform the institutional environment in the transition countries with the aim of providing favourable conditions for functioning markets and entrepreneurship in the forest sector, under simultaneously increasing environmental and societal demands from either domestic actors or from European and international injunctions. In other words, the task is to integrate and horizontally coordinate different – economic with ecological with social – objectives as well as different actors and stakeholders in the forest sector.

#### **National forest programmes**

Already since the late 1990s, National Forest Programmes (NFPs) have been discussed and promoted as a policy instrument for integrating sustainable forest management in the sustainable social and economic development of states. They are

envisioned to contribute to development while enhancing forest values through participatory, cross-sectoral, and iterative processes of coordination. NFPs are seen as vehicles to achieve sustainable forest policy and management, to promote effective stakeholder participation, and to address various intersectoral and multi-level coordination problems (Glück and Humphreys 2002: 253). The concept of NFPs was advanced by the UN Intergovernmental Panel on Forests/Intergovernmental Forum on Forests (IPF/IFF) as well as by the Food and Agriculture Organisation of the UN (FAO). NFPs also have become a major topic at the pan-European level in the course of the Ministerial Conference on the Protection of Forests in Europe (MCPFE) (Wildburger 2004). At the EU level, NFPs were included in forest-related regulations and documents, such as the Council Regulation on Support for Rural Development (EC 1257/1999) and the Council Resolution on a forestry strategy for the European Union (1999/C 56/01). The EU Forestry Strategy identifies national and sub-national forest programmes as tools to implement international commitments, principles and regulations. Indeed, the emphasis here is on implementation and policy delivery which is not considered satisfactory (Tikkanen 2007: 107-9).

The basic idea with NFPs is to facilitate policy development and capacity-building at the national level. A NFP represents a framework and a process of policy planning, implementation and evaluation. In particular, criteria and indicators for sustainable forest management as tools to periodically assess and report on the state and progress of forest policy and management are taken into account as components of the NFP process. They were formulated at the pan-European level in the so called Helsinki process of the MCPFE. The process has sought to identify measurable criteria and indicators for the evaluation of how European countries have progressed in their efforts to follow the principles of sustainable forest management (MCPFE 2002). Policy coordination is also thought to be achieved through involvement in international processes, such as the MCPFE process, which then has trickle-down effects on the national level. Overall, NFPs are seen not as an end in itself, but as an open-ended and iterative process in which policies are constantly adapted. They can therefore be seen as, in our terms, a form of 'reflexive governance'. The countries are encouraged to experiment with new approaches in forest policy and management. Crucially, policy evaluation is an integral part of the national forest processes that aims to initiate learning processes among the involved actors and to support the development of human and institutional capacity. Coordination with the European level is achieved, among others, through involvement in international policy debates and, for example, the use of commonly agreed criteria and indicators. The latter represent a sustainable development framework for forestry which is shaped at the national level according to the respective circumstances.

NFPs and related processes apply to all European countries that are part of the MCPFE process. Yet they are particularly relevant to the transition countries in Eastern and Southeastern Europe where the need to promote sustainability governance in forestry and to balance the economic, ecological and social functions of forests is of vital importance for the countries' development (Ilavsky 2004). Let us now have a look at the national forest processes and political reforms in two Southeastern European countries, Slovenia and Croatia.

## **Slovenia**

In Slovenia the reform of forest legislation became necessary after the denationalisation of property nationalised after the World War II, the privatisation of socially-owned property, and the adjustment of domestic legislation to international standards. Several important pieces of legislation regarding forest management in Slovenia were adopted, the most important being the Forest Act (OG RS 30-1299/93) from 1993. The statute regulates the protection, silviculture, use and the management of forests as a natural resource. A second important provision is the Forest Development Programme, which is Slovenia's NFP. It was adopted in 1996, on the basis of the country's international commitments (e.g. the resolutions of the Ministerial Conference on the Protection of Forests in Europe (MCPFE) in Strasbourg 1991 and Helsinki 1993, and the Convention on Biological Diversity 1992) (MCPFE 2007: 6, 15). The Programme lays down a national policy of so called 'close-to-nature' forest management, along with guidelines for the conservation and development of forests. The 'close-to-nature' paradigm used to be the traditional approach to forest management in Slovenia. It is a technical, expert-driven management approach that focuses primarily on the ecological dimension of sustainability. The Forest Development Programme however attempts to redefine this principle. The emphasis is now on the reconciliation of environmental and economic objectives. Close-to-nature forest management is characterised as "one of the rare activities which constitute an organic link between nature conservation and an economic sphere. The main feature of Slovenian forest management is the recognition of the concurrence and interdependence of ecological, social and productive functions" (Republic of Slovenia and Ministry of Agriculture Forestry and Food 1995: 7).

The reforms also included fundamental changes in the forest administration. Before 1993, a public forest enterprise was in charge of the forest management tasks including, for example, preparation of forest plans and provision of guidelines for both, public and private, forests (Robek and Marenc 1998: 1). Under the Forest Act 1993, a new Forest Service was established which is now in charge of all forest

planning and management activities, regardless of ownership. It is responsible for increasing public interest in the preservation and development of forests and for providing guidelines for forest management. As with all other former public enterprises, the operation components of forest enterprises were privatised, most of them organised as joint stock companies. As a result, there existed some 106 forest enterprises in 1998 (Robek and Marenc 1998: 2). During the following ten years, however, competition has set off a centralisation process, with only four major forest enterprises remaining today. The Slovenian Fund of Agricultural Land and Forests, a body fully accountable to the government, is in charge of organising the operational management tasks in the state forests. The Fund makes annual contracts with the forest enterprises, i.e. the former managers of these forests, on the basis of a 20-year concession (Krajčič 1997: 86). Concessions are given for felling and skidding, the sale of forest products, as well as for protection and silvicultural work. The concessions will end in 2017 and it is expected that this will lead to a revitalisation of the market for forest works.

Forest planning is undertaken on three levels: There are management plans on the district level (14 regional districts), on the level of forest management units (93 units), and silvicultural and game management plans for forest districts (430 *Reviere*). The plans determine conditions for the coordinated use of forests, the required scope of investment into biological vigour, the highest permissible degree of harvesting and conditions for wildlife management. They follow the principles of close-to-nature forest management. The silvicultural plans, for example, determine the trees for allowable cutting. Forest planning is free for all types of property and the forest owners have the duty to manage their woodlots according to the plan (Krajčič 1997: 83-4). Overall, the traditional emphasis on technical forest management and a paternalistic planning approach is still prevailing.

In 1990, 65 per cent of Slovenia's forests were private and 35 per cent state-owned. In 2007, around 77 per cent of forests were private-owned, and the rate may rise to 80 per cent of private forests once the denationalisation process is complete. The average size of forest property is 2.6 ha, often split up into spatially separate parcels. With more than 300,000 forest owners in Slovenia, private forest property is highly fragmented (Slovenian Ministry of Agriculture Forestry and Food 2007: 30). This poses serious obstacles to professional work in private forests, optimal timber production and utilisation of the forest potential. It also impacts on the type and structural variety of private forests. Moreover, problems have occurred since few owners are properly trained or prepared for forest work and lack the necessary technical equipment. Work safety standards are often low. A number of private forest owners are farmers but the majority are non-farmers. For most of them,

farmers and non-farmers, the forest is not the main source of income and they are often less interested in working in their forests. As a result, the amount of harvested timber is decreasing which also results in decreases of the forest sector's share of GDP. In mountainous farming regions the situation is slightly different since forestry is in many cases indispensable to the local economy (Golob and Ferlin 2000: 92-3; Boncina 2001: 249).

The governance solution to these problems is to regulate and even to limit the private property rights in forests. Both the Forest Act and the Forest Development Programme strongly emphasise the concept of multi-functional forestry and close-to-nature management. On the one hand, the statutes lay down that the owner is responsible for the condition of the forest and must manage the woodlots according to forest management regulations and plans. In private forests, forest operations are carried out by the owner as well. On the other hand, the forest owners are obliged to allow free access to and movement in the forest to other people, e.g. for recreational purposes. They must also permit beekeeping, hunting, collecting of mushrooms etc. In addition, a maximum allowable cut, both in terms of volume and structure, is defined by the forest plans. The clear-cutting of forests is prohibited; the same applies to activities which have a negative impact on growth, sustainability, stability and fertility of forests. In terms of practical management, private forest owners are to a certain extent patronised by the administration. For example, the trees for cutting are marked jointly by the forest owner and the Forest Service which then issues obligatory guidelines. In order to ensure appropriate qualifications for forest work, provisions for appropriate training for individual operations in forest management exist, as well as regulations related to work safety since forest work is considered to be very dangerous (Krajčič and Winkler 2002). Although forest owners are responsible for executing all work in their forests, it is the duty of the administration to ensure that all the forest work is carried out. In return, the forest owners receive compensation for reduced yield from protective forests, and subsidies for forest management. Increased support is available if ecological and/or social functions considerably affect or determine forest management, for forest owners who work together in larger groups or for difficult natural conditions. Hence the property rights of the forest owners are limited by public interest and by the obligation to take into account multiple functions of the forests.

The forest management system under the auspices of the Forest Service provides a developed administrative structure and is as such capable of ensuring the environmentally sustainable management in private forests. On the other hand, rigid administrative rules also discourage private forest activities. The Forest Act sets out some provisions for participatory forest management, for example consultation with

forest owners, other authorities and the public in the setting-up of management plans. But the planning system is still very much expert-driven and complicated and gives private forest owners and the public only limited opportunity to take part in the decision process. On the collective level, there exist a number of participation opportunities for private owners' interest groups within the forest administration. So far their organisational degree remains low, however. This problem seems to be acknowledged in the administration already. In our interviews, some Forest Service representatives complain that the majority of forest owners is passive. Hence, the integration of multiple objectives and of various stakeholders in forestry, and the building of governance arrangements for that task, still is an important challenge in the Slovenian forest sector. The problem frequently becomes apparent in the monitoring of the reform process: The indicators for the ecological functions, for example biodiversity, are very positive whereas the inclusion of other, social and economic functions, still needs further attention (MCPFE 2002; 2007).

## **Croatia**

In Croatia, the process of forest policy reforms started in the first half of the 1990s. Numerous pieces of regulation were passed, the most important being the 'Law on Forests' from 1990 that aims at sustainable management through enhancement of multipurpose and economically sustainable use of forests (Martinić 2000: 77). In 2003, the Croatian government launched a national forest programme, called the 'National Forest Policy and Strategy' (NFPS). It is part of a series of strategies and legal amendments in the field of environmental, agricultural and regional planning in the process of adjustment for the accession to the European Union. The NFPS contains more than one hundred strategic activities that are crucial for adjustment of the sector to the conditions in the Union, among others regarding the economic viability and competitiveness of the forest sector (Posavec and Vuletić 2004: 212-13). It should be emphasised that the policy programme is not static but a process. The NFPS is considered only as the basic document to outline the future development of the sector which is dynamic and adaptable to changes. As stressed in official documents dealing with the NFPS, adaptation to EU norms is obviously the biggest challenge for the evolution of the forest sector. Stimuli for policy development however come from other sources as well since the country's forest sector is linked with various international activities. Croatia takes part in the MCPFE process and adopted its resolutions, initiatives and forms of regional collaboration; it collaborates with non-governmental organisations such as IUFRO and is involved in international exchange, for example in several UNECE bodies

(e.g. European Forestry Commission) and in scientific collaborations, such as COST (Republic of Croatia 2005: 6-7).

Forests and forestland in Croatia are for the most part owned by the state, only 20 per cent is private-owned. The state forest is managed by a Forest Enterprise, called 'Croatian Forests' (*Hrvatske Šume*). It was founded in 1991 as a public enterprise and later restructured into a Limited Trading Company, founded by the Republic of Croatia (Posavec and Vuletić 2004: 211). The enterprise is centrally organised: Apart from the direction in Zagreb, Croatian Forests operates 16 regional forest administrations and 169 forest offices. In addition, 14 forest companies, mostly for forest works that require larger and special equipment, belong to the organisation. The regional branches are the most important level of forest management. Here the management plans for each of the 650 management units are prepared, which then need to be approved by the Ministry. Each management plan covers a 10-year-period. They are translated into annual operational plans, prescribing for example the amount of wood for cutting and the necessary silvicultural works. Moreover, a business plan for each unit is set up. Compliance with the management plans is supervised by the Forestry Inspection, a body attached to the Ministry, through a system of internal and public control. In general, the centrally steered management of the state forests however works well with no major irregularities in the implementation of the management plans (Hrvatske Šume 2008).

The administration of the Croatian state forests follows the so called 'model of self-financing forestry' (Martinić 2000: 87). Administration tasks are performed by a company that is engaged not only in forest works but also in the marketing of timber and timber products. The transformation of the Croatian Forests into a Limited Trading Company was an attempt to transfer a post-socialist State enterprise into a commercial enterprise. Croatian Forests Ltd. hence pursues a twofold objective: to successfully manage the state-owned forests and to conduct an economically sound business (Posavec and Vuletić 2004: 213-4; Sever and Horvat 1999). The economic performance of the Forest Enterprise is considered satisfactory. About three quarters of the business income stem from sales of wood assortments. However, the selling of the wood is for the most part carried out under non-market conditions at administratively regulated fixed prices. Buying rights for wood are distributed according to certain criteria and by applying a pricelist, approved by the Ministry of Economy. The wood price is fixed annually, depending on factors, such as the volume and structure of the wood production and quality parameters (Posavec and Vuletić 2004: 220). As a consequence, the Croatian Forests is hardly able to adapt to constantly changing market conditions.

The transformation of the state forest sector from a centrally planned to a market-oriented sector is a complex task. The planning-driven approach to forest

management is still in place but is increasingly facing contradictions that emerge from changing market conditions in European or international context. Also, hierarchical planning is more and more reaching its limits. Croatian Forests, after its conversion into a trade company, started to develop partnership relations with entrepreneurs and local communities that differ from those of the twelve-year period as a public enterprise. This particularly relates to the development of initiatives and mechanisms to include different stakeholder groups into forest planning and management. In this context, the NFPS plays an important role in promoting stakeholder participation, for example as a driver for the planned founding of a national forestry council that is supposed to become the chief institution for the advancement of stakeholder participation (Republic of Croatia 2005: 8-11). The turn towards a multi-functional approach to forestry further adds to complexity in Croatian forestry. In that forestry takes into account various purposes, new conflicts are produced that were unknown before. So far, these conflicts materialise particularly at the local level where, for example, local environmental groups emerge and bring issues such as biodiversity, water conservation and soil loss on the agenda (Republic of Croatia 2005: 13). Obviously, these grassroots initiatives are at odds with the centrally planned management system of Croatian Forests which claims to responsibly care about the forests under their management. The intricate task hence is to develop institutions and mechanisms to facilitate active stakeholder involvement.

This holds all the more true for the private forests which account for 20 per cent of the Croatian forests. The current number of private forest owners is nearly 600,000, and the average size of private woodlots is 0.7 ha (Republic of Croatia 2005: 17). In many cases, these forests are degraded due to over-cutting, with a growing stock that is considerably lower than in state forests. According to the Law on Forests, the private owners are required to manage their forest properties sustainably. If the private owners lack the appropriate management, Croatian Forests becomes responsible for the implementation of these measures. Due to a lack of financial and human resources, however, intervention of the state forest enterprise is reduced to a minimum (Martinić 2000: 84). As a consequence, the Forest Extension Service was established in 2006, responsible for the private forests in Croatia. Organisation building was driven by a public debate in the course of the passage of the NFPS and the new process of certification in the state forests. Demands by the private forest owners, among them several owners of larger properties (e.g. the church), were to increase the activities in forests, for example with regard to the opportunities for private owners to market timber and other products. The overall objective of the new Service is to improve the management of the private forests, through organising the development of management plans and giving advice and professional education to



the forest owners. The Service also organises the selling of wood via tenders (Forest Extension Service 2007). Another important aim is to foster the organisation of the private owners. Until the end of 2007, 17 associations of private owners were founded, and the establishment of a national association of private owners is planned. For the Forest Extension Service, the associations are the most important partners for co-operation. The growing involvement of private owner will however also produce new conflicts as it is the case in Croatian state forests.

In summary, the reform process in Croatian forest policy and management is underway. The NFPS plays a crucial role in this process as a guidance document which fosters policy debate in various fields. The strategy obviously also promotes participation of stakeholders that were not involved in political processes in the past. In substantive terms, however, the direction of policy change and coordination with European and international standards remains somewhat vague. The Croatian Government strives to adopt criteria and indicators for sustainable forest management as tools to periodically assess the progress of the reforms (Republic of Croatia 2005: 24-5). This task poses a great challenge to the responsible institutions and, to date, this is work-in-progress rather than a functioning system of data collection, documentation and communication.

#### **4 Conclusion**

The coordination of natural resource policy in EU acceding countries was at the centre of this article. We examined the domestic reforms in forest policy as a field that is not a formalised policy area of the EU and hence not part of the *acquis communautaire* which normally is a major coordinating device with political reforms in the new Member States. This raised the question if and how conditionalities from the European level translate into political reforms in the accession countries. The latter question was linked to the debate on new modes of governance in the EU that denotes a shift in the mechanisms of multi-level coordination. Instead of using hierarchical means of coordination, the new approach relies on open and reflexive forms in which the upper levels provide a space which the actors at the lower levels can use to scrutinize and reconsider existing institutions and practices, and the broader rules and paradigms within which they operate. The reflexive governance approach was applied to reforms of forest policy in two (one successful, one prospective) accession countries of the EU, Slovenia and Croatia, and the resulting adaptation of policies to European standards. National forest programmes were examined as the main coordination device of the national reforms with European and international forest policy. What have we learned about

the coordinating potential, both horizontally and vertically, of this policy instrument?

In both countries, there exist legal provisions, policy documents, and also statements of our interview partners, in which the relevance of the global and European forestry dialogue was emphasised. It is stated that national policies are explicitly linked to, or based on, the results of the IPF/IFF or the MCPFE. Both Slovenia and Croatia, as EU members or candidate countries, make frequent reference to major EU documents and stated that they are bringing national forest policy into line with broad EU objectives, as stated in the EU forest strategy and the various directives and regulations. Both countries adopted National Forest Programmes as a framework of policy reform and debate. The vital necessity of sustainable forest management and the need to balance the economic, ecological and social functions of forests was stressed. However, policy integration and hence horizontal coordination of different objectives, was and still is an intricate task.

We have scrutinized different obstacles in the country studies: In Slovenia, the long-established close-to-nature paradigm of forest management seems well suited to realise environmentally sustainable forestry. At the same time, however, the focus on the ecology makes it ill-suited to take into account other, economic and social, objectives in forestry. Another consequence of the close-to-nature paradigm is the 'silvacentric' orientation (Sinco 1998: 235) within the forest administration which results in the continuation of a narrow approach characterised by technical forest management and a paternalistic management attitude. This is particularly a problem in the building of a governance regime for private forests, which now account for nearly 80 % of the Slovenian forests. Although the involvement of private owners in forest management is required and wanted, the expert-driven and prescriptive planning system gives them little opportunity to participate in decision processes. The same applies to private forests in Croatia. Here, however, the majority of forests is still state-owned. The reform process in the state forest sector was more directed at the adaptation of a centrally planned forest sector to market conditions. 'Croatian Forests' which is in charge of the management of the state forest continues to follow a top-down planning approach that primarily serves environmental sustainability goals. The Forest Enterprise was converted into a limited trading company but still operates in a non-market environment, in which wood prices and buying rights are administratively regulated. Like this, the enterprise is hardly able to adapt to a constantly changing (international) market. As a result, the coordination of different objectives is hardly achieved.

In summary, we can conclude that the horizontal coordination of different objectives to achieve more sustainable policies and practices in the forest sector faces specific

obstacles in each national context and some overarching obstacles that stem from the transition situation which, in both countries, lead to similar problems of policy integration. Obviously, it was hardly possible so far to overcome these obstacles and to stimulate learning processes and to enhance reflexivity in governance arrangements in these countries. The stimuli from the European and international level and hence vertical coordination mechanisms, were not sufficient to induce changes. NFPs as a soft law instrument that provides for decentralised solutions to policy problems seems somewhat too soft to trigger policy changes. The problem is the lack of coupling, and thus coordination, with the multi-level setting. The feedback mechanisms, for example the MCPFE criteria and indicators that are supposed to provide this connection are either not fully implemented yet, as in Croatia, or are facing obstacles which result from the general contradictions which emerge in the course of the implementation of a new, multi-purpose and multi-actor approach in forest policy and management that is at odds with the existing institutional and governance situation in the countries. In order to attain more sustainable and multi-functional policies, a more hierarchical governance setting would be required.

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